



FY2014 Budget Frequently Asked Questions: Capital Improvements Program

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What is the Capital Improvements Program (CIP)?

The development of the City's Five-Year Capital Improvements Program (CIP) allows the City to take the shared and competing visions for the development of our public facilities through a disciplined evaluation process. By identifying projects and capital needs several years into the future, the City accomplishes two objectives:

1. Cost estimates for long-term objectives and identified needs are linked to available resources, and placed on a schedule for implementation.
2. Major expenditures are scheduled in the context of a balanced Annual Operating Budget and a five-year financial forecast.

Capital Projects are defined as a new, one-time project with a useful life of more than **five** years, and costing **\$150,000** or more; revised for FY2014 onward. The cost estimates included in the CIP are intended to capture the entire estimated project cost, including, as applicable, land acquisition, design, negotiated agreements, and construction. The total request for each project is evaluated and, based upon funding, is prioritized to meet the needs of the City.

The projects contained in the CIP support the goals and objectives outlined in the City's Comprehensive Plan and are intended to establish the long-term spending priorities identified by the City Council and are consistent with their 2025 Vision/Comprehensive Plan/Strategic Plan as well as adopted Financial Policies. The full CIP document is posted on-line at: www.fallschurva.gov/CIP

How is the CIP Developed?

The requirement for the annual consideration and adoption of a five-year CIP is provided in [Section 6.19 of the City Charter](#) and [Section 17.08 of the City Code](#).

The development of the CIP starts with each department submitting to the City Manager a detailed listing of all immediate and long-range capital improvement needs, together with cost estimates and

recommendations as to priority and timing of the projects listed. An additional factor to be considered is that CIP projects that are inactive for three fiscal years are either eliminated or must be re-appropriated.

For the FY2014 budget cycle, staff presented the proposed CIP to the Planning Commission on January 12, 2013. The Planning Commission evaluated the proposed CIP in the context of the Comprehensive Plan, and held public hearing(s) to obtain community input on January 22, February 4, and February 19, 2013. The Planning Commission also conducted work sessions on February 4 and February 11, 2013. The Planning Commission adopted their recommendation, as noted above, on February 19, 2013.

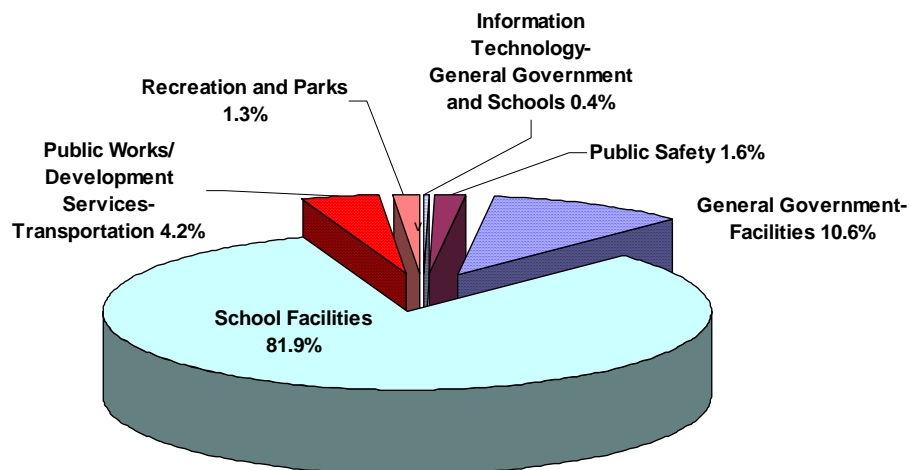
The adoption of the CIP by the City Council signifies the Council's identification of a set of priorities for capital spending over a five-year period. Bond funding and execution of multiple year projects should be based on an assumed approval of the CIP for all five years. Upon adoption by the Council, the Operating Budget and the Capital Improvements Program goes into effect at the new fiscal year starting on July 1, 2013. However, the City Council may delay or limit the construction or improvement of any proposed project over the course of the five-year period as economic conditions, available resources, and needs may dictate with special consideration given to the multi-year project funding as noted above.

What Projects are Included in the CIP for FY2014 and Full Five-Year Planning Period?

See the three slides below and on the next two pages for an explanation.

CIP Funding Category Comparisons

**Capital Improvements Program General Fund FY2014-FY2018
(All Funding Sources)**



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Five Year CIP- General Fund

PROJECT	FY2014	Five Years
INFORMATION TECHNOLOGY	\$ 507,500	\$ 507,500
PUBLIC SAFETY	2,058,048	2,258,048
PUBLIC FACILITIES (includes gen govt. & schools)	10,133,500	128,258,790
TRANSPORTATION	2,245,000	5,780,000
PARKS & RECREATION	430,000	1,878,000
TOTAL	\$ 15,374,048	\$ 138,682,338

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FY2014 Key Projects

- **Facilities Improvement**
 - Cherry St Pre-School \$2.4 M
 - Schools Mount Daniel \$1.0 M
 - City Hall & Public Safety \$6.7 M
- **Public Safety**
 - Fire Apparatus \$1.5 M
 - Fire Station 6 \$538 K
- **West End Park** \$430 K
- **Transportation** \$2.25 M
 - Pedestrian Improvements
 - Federal and State Funding, with local match

How Are CIP Projects Funded?

The chart below outlines the sources of funding for the recommended FY2014-2018 CIP.

CAPITAL IMPROVEMENTS PROGRAM

General Fund

FUNDING SOURCE		
Grants/Other Funded		
Debt	13,674,048	27,647,338
Conditional (grant/revenue)**	0	104,650,000
Pay as you go (PAUG)	600,000	3,125,000

****GMHS and MEHMS School Expansion assumes additional resources being available from economic development and/or Water Sale Agreement**

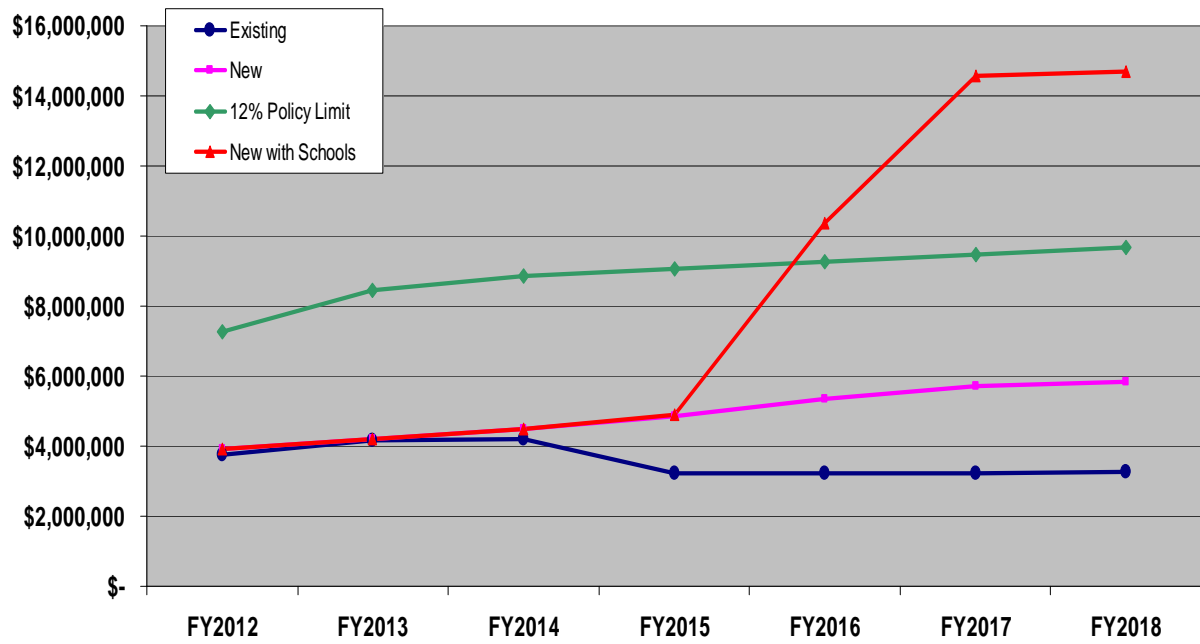
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What is the Impact of the CIP Projects on the Council's Adopted Debt Service Policy?

The City has significant pressing needs for facility and infrastructure projects and to ensure affordability of the projects they are often debt funded so the cost is spread out over 20 years. The Council's adopted policy ensures financial soundness and states that the debt service limit can not exceed 12% of expenditures. The chart on the next page demonstrates, with the red line, that if all the projects requested were funded by debt we would not be in policy compliance. The largest project to be addressed is the high school replacement or major rehabilitation. This issue will require additional target funding or economic development offset and will be the basis of future community dialog.

Debt Service



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